

Q: Does every school district receive state special education funding?

A: Yes, if it runs a special education program, meaning the district has a resident student on the current year December 1 "special ed child count," OR participates in a special education cooperative, OR has a written agreement with another school district or cooperative to provide services if a student in need of special education enrolls in the district. No application is required.

Q: Does the school district have to spend the state special education funding in the year it's received?

A: Yes. The district must spend the state special ed funding plus the required "match" in the year the funding is received.

Q: How much State Special ED Funding does each school receive?

A: The district that is not in a CoOp receives an Instructional Block Grant and a Related services Block Grant. A district that is a member of a CoOp receives the Instructional Block Grant, and their CoOp receives their Related Services Block Grant. Each CoOp also receives a CoOp Administrative and Travel payment.

Block grants are awarded per Average Number Belonging (ANB), which is the student count used for state funding purposes. Block grant rates change annually. For FY2005-06, the rates are: \$ 138.71 Instructional Block Grant and \$ 46.23 Related Services Block Grant.

Q: How do districts and cooperatives get the payments?

A: Beginning in August, OPI sends 1/10 of the year's entitlement to each district and cooperative except in November and May, when special education funding is not paid. In June, the rest of the fiscal year's payment is made.

Q: What is the "match" requirement?

A: A district must spend the state block grant money plus another \$1 of local money for every \$3 of the state funding received. To calculate that amount, multiply the state funding by 1.33. For example, if the district receives a special education entitlement of \$1000, it must spend a total of \$1330 on special education allowable costs to avoid "reversion."

Q: What is "reversion?"

A: "Reversion" means the state withholds part of the next year's special education funding to repay the state for money the district failed to spend the previous year. To calculate the amount of reversion, subtract the amount spent from the amount required to be spent to avoid reversion, and multiply by 0.75. For example, if the district should have spent \$1330 on special education allowable costs to avoid reversion but only spent \$1200, the district must repay $[(\$1330 - \$1200 \times 0.75) = \$97.50]$ to the state. The state will "short" the next year's payment by \$97.50, since the unspent amount is still on hand at the district.

Q: What costs count as spending to avoid reversion?

A: Costs that count toward spending to avoid reversions are called "Special Ed Allowable Costs." "Allowable Costs" are only picked up in General Fund (01), Metal Mines Fund (24), State Mining Impact Fund (25), and Federal Impact Aid Fund (26).

"Allowable Costs" use the following expenditure codes:

Program	Functions	Objects
280	1XXX	1XX – 7XX
280	21XX	1XX – 7XX
280	221X	1XX – 7XX
280	222X	1XX - 7XX
280	24XX*	1XX – 7XX
280	62XX	920

*** Salaries and benefits under function 24XX are only allowable if a certified special education director is employed.**

Q: How do I account for the reversion?

A: At the end of Year 1, calculate any reversion owed. Record that amount as "Deferred Revenue" in the General Fund. Reduce the special education state funding revenues for Year 1 by the amount of the planned reversion. In Year 2 when the payment is adjusted for the reversion, record the Year 2 entitlement as a revenue. Reduce the liability previously recorded as "Deferred Revenue" by the amount of cash withheld. The amount reported as state special education entitlement revenue for Year 2 is not affected by reversion.

Continuing with the same example used above, assume you received \$1000 of special ed state funding, should have spent \$1330 and actually spent \$1200, so \$97.50 will be reverted. Assume the amount of State Special Ed funding in Year 2 is supposed to be \$1100.

Year 1	
State Spec Ed Funding	1000.00
Plus Match	330.00
Req'd Spending to Avoid Reversion	1330.00
Less Actual "Allowable Costs"	1200.00
Didn't spend	130.00
X 0.75 Reversion Due	97.50 ("Deferred Revenue" in Year 1)
Rec'd	1000.00
Less Reversion Due	97.50
Revenue in Year 1	902.50 ("Revenue" in Year 1)

Year 2	
Cash Rec'd	1002.50
Plus Reversion	97.50 (Remove from "Deferred Revenue" and add to "Revenue" for Year 2)
Total	1100.00 ("Revenue" in Year 2)

Q: In budgeting for the new year, how do I make sure to plan correctly to avoid reversion?

A: OPI sends each district a "Preliminary Budget Data Sheet" by March 1. It lists the amount needed to avoid reversion in the coming year. In planning your general fund budget, make sure to plan at least that amount of "Allowable Cost" expenditures (see above). Of course, you can plan to spend more. You can also spend less, but expect a reversion in that case. {NOTE: If special education costs are high in one year and will be lower the next year, please be aware there is a possibility of failing to meet maintenance of effort requirements of the Federal IDEA grant.]

Q: Can I send the special education state funding and match to our special education cooperative?

A: Yes. When sent to the cooperative, the money and match is considered an "Allowable Cost" for purposes of spending to avoid reversion.

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